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E.O. 12958: DECL: TEN YEARS
TAGS: [PGOV](#) [PREL](#) [EC](#)
SUBJECT: GUTIERREZ BROTHERS MIFFED AT NOBOA; WARY OF CORREA

Classified By: PolChief Erik Hall for reasons 1.4 (b&d)

¶1. (C) Summary: On October 30, the Ambassador met with ex-president Lucio Gutierrez and his brother, third place presidential candidate Gilmar Gutierrez, to gauge potential Patriotic Society Party (PSP) support for Alvaro Noboa's candidacy and hear their political plans as the second-largest bloc in the new Congress that will take office in January. Lucio did most of the talking for the Gutierrez side. The PSP had offered to support Noboa's candidacy in exchange for a commitment to punish coup plotters in the Palacio administration. Noboa thus far was not willing to include Palacio himself in the deal, leaving the PSP leaders uncertain. Correa and his team are making overtures for PSP support, which Lucio characterized as "desperate" and unconvincing. End Summary.

¶2. (SBU) The private meeting was arranged at our request by newly-elected PSP Andean Parliamentarian and former trade minister Ivonne Baki, in her home. Former Gutierrez chief of staff Carlos Polit (Baki's alternate at the Parliament) also attended. The Ambassador was accompanied by the DCM and PolChief.

Bittersweet Election Results

¶3. (C) The Ambassador congratulated the PSP leaders for the party's surprisingly strong finish in national election. Both men were clearly pleased, citing the results as vindication of the Gutierrez' government's performance. Lucio highlighted the challenges Gilmar overcame, including resource constraints and efforts to block his candidacy which shortened his campaign period to just over one month and precluded the PSP from registering its congressional candidates in Manabi, the third most populous province. "We did not even have calendar cards to hand out to our supporters, yet they voted for the PSP and are now asking who they should vote for," he said.

¶4. (C) The PSP could have won 3-4 more seats in Congress, Lucio asserted, were it not for unfair treatment by provincial election authorities in Manabi and elsewhere, and internal problems in the Galapagos, he asserted. Asked who the PSP would select as first vice president of Congress (their prerogative as the second-largest bloc), Gilmar was coy. He described the virtues of numerous newly-elected PSP Congress members, including his wife. Outside speculation has focused most on either Lucio's wife Ximena Borhorquez or former comrade in arms Fausto Cobo. Lucio remained silent on the question.

The Offer

15. (C) The Ambassador noted that a Noboa victory, while possible, was by no means a certainty. A Correa victory would threaten progress made under the Gutierrez government to put Ecuador's economy on a solid footing. Gutierrez could protect this legacy by helping Noboa consolidate his lead in the polls, and break the cycle of political instability Gutierrez fell prey to by working together in the new Congress. The DCM noted that the Gutierrez brothers could make an enormous contribution by helping to counter Correa rhetoric and educate voters about the benefits of market-based economic principles and the FTA with the U.S.; PSP interests were clearly more aligned with Noboa.

16. (C) Lucio responded that (and later repeated several times) the core PSP agenda consisted of a "programmatic plan for political stability, which is necessary for economic stability, which in turn is essential for social tranquility and progress." Pressed for more detail, Gutierrez said that to prevent any vice president from plotting against the next president, the new government needed to set an example by applying the law to punish those who plotted Gutierrez' downfall. He cited a meeting convoked by then-VP Palacio weeks before the April 20 legislative coup, in which Palacio selected his prospective cabinet, and the fact that Palacio Government Minister Mauricio Gandara prepared his declaration of assets several days before April 20, in anticipation of the coup.

17. (C) The first step the new Congress should take to bring violators of the constitution to justice would be a Congressional resolution declaring the Palacio administration to have been a de facto government. The Attorney General should then be charged with investigating all involved in the overthrow, including members of the rump Congress which illegally removed him from office, the police and military generals who may have been suborned to support the coup, and of course Palacio himself as a participant in the coup plotting.

Noboa Resisting Deal

18. (C) Asked how Noboa had reacted to this offer, Gutierrez said his contact with Noboa had been indirect, and that Noboa was supportive. He was resisting, however, one key Gutierrez demand--Noboa wished to exclude Palacio from legal prosecution. Baki noted that Noboa had reneged on a pre-electoral alliance and voted to block Gilmar's candidacy entirely through the PRIAN representative on the Supreme Electoral Tribunal (a decision later overturned by the PSC-dominated Constitutional Court). Asked why Noboa was reluctant to pursue Palacio, Gutierrez speculated that Noboa's interests are personal and economic. Palacio had reined in the IRS-equivalent (SRI) and protected Noboa from millions in tax payments and fines.

Setting an Example

19. (C) Lucio asked the Ambassador about the recently-announced decision to cancel the visa of PSC leader Javier Niera, on grounds of corruption. Would the USG also pursue cases of corruption against the circle surrounding President Palacio, he asked. The Ambassador explained the process, emphasizing that it is targeted at individual corruption, and not any particular political group or party. Other cases are under investigation, and would be judged on the merits under U.S. visa law. The DCM invited the PSP to share any information on corruption it has access to, cautioning that all information is verified using multiple sources before being sent to Washington for approval.

110. (C) Lucio suggested the USG also investigate current Solicitor General Jose Maria Borja for corruption. Gutierrez also noted that when the USG withdrew the visa of his minister of Social Welfare, Patricio Acosta, he immediately

fired Acosta. Baki said Acosta later moved to Venezuela, and was later observed paying off military leaders who publicly withdrew their support from Gutierrez' government, on April 20, 2005. PolChief noted the importance of Congress achieving the majorities necessary to select independent and honest replacements for the acting Attorney and Comptrollers General.

Some Interest in Political Reform

¶11. (C) Asked his views on Correa's proposed constituent assembly, Lucio replied that it would be unconstitutional without the consent of Congress. The PSP had earlier supported the idea of an assembly, perhaps even using the Congress itself as a part-time assembly, to devise reforms over the course of a year. This maneuver would permit absolute majority voting on constitutional reforms, rather than the 2/3 majority otherwise.

¶12. (C) According to Lucio, the PSP now favors putting proposed reforms to the people in a binding referendum, if it could not achieve the 2/3 vote necessary to speed congressional debate (a one year delay is build in between debates otherwise). Asked what reforms he supported, Gutierrez cited his January 2005 proposals to de-politicize the courts (Supreme, Constitutional and Electoral) and to select the AG, Solicitor General, and Comptroller General. He and Gilmar criticized as unconstitutional the internationally-observed method used to reconstitute the defunct Supreme Court in 2005.

Comment

¶13. (C) We hope to get the PSP focused on a positive agenda over the coming months, but in the near term they remain largely consumed with their revenge agenda. Lucio appeared very much in charge during the meeting, and in good spirits and health. Gilmar, 11 years Lucio's junior, was generally silent and deferential toward his big brother. Neither man evinced any openness toward Correa, but both also appeared ambivalent about their past and current dealings with Noboa, with whom there is clearly no basis of trust. Although acknowledging it would not be the executive branch but the independent Attorney General who would enforce the law against coup participants, Gutierrez appeared to be confounded by Noboa's resistance to accepting his terms. He admitted that the two sides are not talking directly, and we sensed hesitation on Gutierrez' part to approach Noboa as a supplicant. That said, they clearly seem to expect the PRIAN/PSP majority in the next Congress to work together on many if not most issues, and we will encourage both sides to get together.

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